

# BUDGET LETTER

		NUMBER: 03-10
SUBJECT: EMPLOYEE COMPENSATION ADJUSTMENTS		DATE ISSUED: May 12, 2003
REFERENCES:	PERSONNEL MANAGEMENT LIAISONS: 01-039, 01-040, 01-045, 01-046, 01-052, 01-057, 01-059, 01-069, 02-012, 02-018, 02-019, 02-020, 02-021, 02-024, 02-025, 02-031, 02-040, 02-045, 02-048, 02-049, 02-056, 02-057, 02-059, 02-064, 02-069, 02-072, 02-073, 02-077, 03-003, 03-008, AND 03-013 PAY LETTERS: 01-22, 01-24, 01-28, 01-28A, 02-01, 02-04, 02-05, 02-10, 02-12, 02-13, 02-15, 02-19, 02-21, 02-23, 02-24, 03-01, AND 03-03	SUPERSEDES: BL 02-34 BL 02-06

TO: Agency Secretaries  
Department Directors  
Departmental Budget Officers  
Departmental Accounting Officers  
Department of Finance Budget Staff

FROM: DEPARTMENT OF FINANCE

**Budget Officers are required to forward a copy of this Budget Letter (BL) to departmental Personnel and Labor Relations Officers.**

This BL provides departments with instructions to request additional current year and budget year funding for **2002-03 fiscal year** employee compensation adjustments not covered in BL 02-34.

## I. Background

The State has executed Memoranda of Understanding (MOUs), with all of the 21 collective bargaining units (Units) for agreements beginning July 1, 2001:

- Unit 1, California State Employees' Association (CSEA)
- Unit 2, California Attorneys in State Employment (CASE)
- Unit 3, California State Employees' Association (CSEA)
- Unit 4, California State Employees' Association (CSEA)
- Unit 5, California Association of Highway Patrolmen (CAHP)
- Unit 6, California Correctional Peace Officers' Association (CCPOA)
- Unit 7, California Union of Safety Employees (CAUSE)
- Unit 8, California Department of Forestry and Fire Protection Firefighters (CDFF)
- Unit 9, Professional Engineers in California Government (PECG)
- Unit 10, California Association of Professional Scientists (CAPS)
- Unit 11, California State Employees' Association (CSEA)
- Unit 12, International Union of Operating Engineers (IUOE)
- Unit 13, International Union of Operating Engineers (IUOE)
- Unit 14, California State Employees' Association (CSEA)
- Unit 15, California State Employees' Association (CSEA)
- Unit 16, Union of American Physicians and Dentists (UAPD)
- Unit 17, California State Employees' Association (CSEA)

- Unit 18, California Association of Psychiatric Technicians (CAPT)
- Unit 19, American Federation of State, County, and Municipal Employees (AFSCME)
- Unit 20, California State Employees' Association (CSEA)
- Unit 21, California State Employees' Association (CSEA)

BL 02-34 allowed departments to request current year and budget year augmentations for the negotiated benefit increases covered by the Department of Personnel Administration (DPA) Pay Letters issued at the time BL 02-34 was released. Since the release of BL 02-34, DPA has issued additional pay letters that cover the remaining negotiated benefit increases for 2002-03. This BL provides departments with instructions to request funding for the employee compensation and benefit adjustments contained in these pay letters.

These instructions do not apply to personnel of the University of California, the California State University, the Hastings College of Law, or State Active Duty personnel of the Military Department. Additionally, since the California Citizens' Compensation Commission has not adjusted the salaries of State Constitutional Officers, this BL does not include adjustments for those positions.

## **II. Employee Compensation Adjustments**

### **A. Instructions**

To request funding for eligible adjustments, all departments should complete and submit Attachments I, III, IV, and V to their respective Department of Finance (Finance) budget analyst, as appropriate. The information is necessary to support the funding request and to provide the necessary scheduling information to process the Executive Order (EO). Refer to the following attachments to determine eligible adjustments and to prepare departmental funding requests:

- Attachment I, **Departmental Request**
- Attachment II, **Eligible Miscellaneous and Special Salary Adjustments**
- Attachment III, **Miscellaneous and Special Salary Adjustments Worksheet**
- Attachment IV, **Interagency Agreements Worksheet**
- Attachment V, **Scheduling Worksheet**

Departments requesting funding for the employee compensation and benefit adjustments associated with reimbursements must coordinate with the department receiving the reimbursement, or payment, in order to correctly complete Attachment IV. Attachment IV must be completed by the department paying personnel costs under an interagency agreement. Employee compensation and benefit adjustments for these departments will be considered under the following conditions:

- Personnel funded by the interagency agreement must be eligible for an adjustment, as approved by DPA, and identified in this BL.
- The department paying for the services must incur additional costs resulting from the employee compensation and benefit adjustments approved by DPA and identified in this BL. Paying departments are required to calculate and enter these amounts on Attachment IV.
- Any interagency agreement included on Attachment IV must be amended to reflect the corresponding funding request.
- For each individual interagency agreement, the total adjustment must be at least **\$10,000** to be eligible for inclusion on Attachment IV.
- The department receiving payment under an interagency agreement must reflect the receipt as reimbursements in the appropriate schedules in their respective budget items.

The attachments contain employee compensation adjustments for the current year and budget year. Departments do not need to make any changes to any budget documents at this time. If the current year EO is processed prior to June 30, 2003, Finance will pre-post this information to the 2002-03 Past Year Initial Schedule 10s. Therefore, departments should reflect the EO on their Year-End Financial Statements. For the budget year, the funding will be included in the 9800 Employee Compensation May Revision Finance Letter. This funding will be allocated by EO and pre-posted to the 2003-04 Current Year Schedule 10s in the fall based on the scheduling worksheets provided by departments.

## **B. Miscellaneous and Special Salary Adjustments**

Various employee compensation adjustments were negotiated and approved for represented employees addressed in this BL and for related excluded employees, beginning in 2001-02. The DPA has transmitted specific classification and pay adjustment data to departments through Pay Letters 01-22, 01-24, 01-28, 01-28a, 02-01, and 02-05, and Personnel Management Liaisons-01-069 and 02-012. Any questions regarding the classifications or specific adjustments should be directed to departmental labor relations offices or DPA.

Attachment II, Eligible Miscellaneous and Special Salary Adjustments, contains a list, by bargaining unit, of the adjustments that will be funded through this BL. **Additional funds will not be provided for adjustments not appearing on Attachment II. Miscellaneous and special salary adjustments will not be provided for overtime or temporary help blankets.** To request funding for miscellaneous and special salary adjustments, departments must complete and submit Attachment III.

**Departments must pay close attention to the provisions in the MOUs for costing purposes.**

## **C. Salary-Driven Payroll Benefits—State Employer Cost**

Funding will be provided for the following salary-driven payroll benefits applicable to the miscellaneous and special salary adjustments: OASDI at 6.2 percent of salary up to the \$87,300 cap for 2003, and Medicare at 1.45 percent of salary (no cap) as reflected in Budget Letter 02-24. For retirement, departments must use the 2002-03 retirement rates reflected in Budget Letter 02-19. This information will be used in completing Attachment I and Attachment V. **Other increased costs will not be funded.**

## **D. Reduction in Employees' Retirement Contributions**

A reduction in the employees' retirement contribution was negotiated and approved for the represented employees addressed in this BL and for related excluded employees. Since a reduction in the employees' retirement contribution does not affect departmental expenditures, it will not be necessary to adjust departmental appropriation authority because of this change. As a result, there is no need to address this issue on the attachments included in this BL.

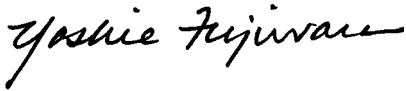
## **III. Due Dates**

Departments are required to return all attachments, as appropriate, along with related supporting documentation, to their respective Finance Budget Analyst, as soon as possible, but no later than **Friday, May 23, 2003.**

## Questions

Please direct your questions to the following entities:

- Questions related to provisions of an MOU should be directed to the departmental Labor Relations Officer or DPA.
- Technical guidance on provisions of, or attachments to, this BL should be directed to Michael Danti of the Department of Finance, Administration Unit, at (916) 445-3274 (CNET-485-3274).



Yoshie Fujiwara  
Program Budget Manager

### Upcoming Budget Letters

- Safeguards for Firewalls and Servers
- Cooperative Work Agreements
- Office Revolving Fund Disbursements